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Western European Section

Memorandum No. 8

NEUTRAL SWEDEN AND HER NEIGHBORS

IN THE THIRD YEAR OF WAR

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Western European Section

Memorandum No. 8

NEUTRAL SWEDEN AND THE BELLIGERENTS IN THE THIRD YEAR OF WAR

SUMMARY

There is evidence that Sweden is taking an increasingly firmer attitude toward Germany. This is indicated by the terms of the new trade agreement for 1942, and by the changes in the Swedish military law, recently adopted by the Riksdag. An analysis of the currents of opinion in Sweden suggests that the Swedes are not so much anti-Nazi or pro-British, as they are increasingly pro-Swedish with certain pan-Scandinavian overtones.

Any effort to establish an American information service at Stockholm must take careful account of the several shades in Swedish opinion if it is to serve the Allied cause to best advantage.

TABLE OF CONTENTS

1. Dislocations in Sweden's Foreign Trade
2. Difficulties Over German Clearing Balances
3. Sweden Will Defend Her Position Against Germany
4. Swedish Attitudes Toward the Other Great Powers
5. Sweden As Custodian Of The Ideals Of The North
   Conclusion

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NEUTRAL SWEDEN AND THE BELLIGERENTS
IN THE THIRD YEAR OF WAR

With each extension of hostilities, the position of Sweden--as of other scattered neutrals--takes on new importance. Two questions in particular concern us. Can we depend on Sweden to resist German pressure, by force of arms if necessary, if that pressure becomes too insistent? And second, does Sweden's neutral position offer the democracies, our own in particular, any opportunity for advancing the war in its ideological phase? Any attempted answer to such questions had best be prefaced by a survey of several factors that operate currently upon the Swedish scene.

Dislocations in Sweden's Foreign Trade

Sweden is one of the "small" countries, living in the vicinity of Germany. It has shared with other small countries the growing sense of futility and helplessness with each new increase of Nazi might. The economic counterpart of this subordination is reflected in foreign trade. Commercial intercourse between Sweden and the lands beyond the sea is now very much restricted--only twenty vessels passed in and out of Gothenburg from April, 1940, to mid-November 1941. Trade with neighboring countries has also suffered, that with

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Norway and Denmark being carried on under severe handicaps.[1] Machines ordered for Russia cannot be delivered at present but it is planned to store them in Sweden for Russian account until the end of the war.[2] Trade with Finland has become very one-sided and therefore it limps a good deal.[3]

The bulk of Sweden's trade is now with Germany, the estimates of the amount of Sweden's export to its southern neighbor ranging from 50 to 75%. The point here is not so much the quantity of this trade as it is the dynamic of it. That is, how far is Germany able to force Sweden into line with the principles of Grossraumwirtschaft. Recent trends in the trade relations between the two are revealing. That trade more than doubled in the first five years of Nazi power. More significant was the gradual shift in the trade balance. Strongly in Germany's favor, at first, it kept on decreasing and since 1939 the balance has been increasingly in Sweden's favor.

Difficulties over German Clearing Balances

The clearing balance that results has become a major problem. Swedes are concerned lest it grow dangerously large; Germans are eager to have the Swedes trust as large

1. Cf. Receipt No. 6918, pp. 2-4
2. Receipt No. 6766, p. 7
3. Receipt Nos. 6918, 7079.

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sums as possible to future payments. When Swedish objections become too insistent, the Germans must either step up their deliveries of promised exports, or enter new negotiations. By September of 1941 the clearing balance amounted to 50,000,000 kronor and an interim agreement had to be arranged[4] to take care of the remainder of the year. Interestingly enough, it did not provide for a new credit by Sweden--that would have seemed unbecoming to a strict neutral--but it specified that a clearing "advance" of 100,000,000 kronor would be established by Swedish agencies, to cover Swedish deliveries for the remainder of the year. Germany would make good the sum involved by increased deliveries in the first half of 1942.

Many Swedes viewed the principle of an "advance" with misgiving but the worst apprehensions seemed unjustified. Figures released in December showed that the clearing balance had reached 72,000,000 kronor[5] and was thus well within the clearing "advance". One reason, very likely, was the partial falling off of German orders for Swedish timber, wood pulp and paper products. There were increased German purchases of these products from Finland, where the clearing balance still was in Germany's favor. The prospect was that Sweden

4. Receipt No. 5788, p. 11.
5. "Radiogram till the American Swedish News Exchange", No. 139

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would have to yield further to German economic pressure.

But when a new treaty was negotiated in mid-December, to cover the year 1942, that pressure seems to have been well resisted. If, as reported[6], the Germans demanded a direct state credit of 250,000,000 kroner, they agreed to something quite different, an arrangement involving partial cash clearing and the remainder divided between state and private Swedish credits. Further, in order to help unfreeze the present clearing account, the Germans agreed to deliver military equipment to the value of 50,000,000 kroner, including 2000 machine guns and 110 howitzers, though little delivery will be made before the spring of 1942.

Interestingly enough the new credit arrangement did not cover Swedish exports of iron ore, iron and steel. No figures on Swedish ore exports are being published and opinions vary as to the course this trade has taken. Of late, stray references suggest that it is increasing[7].

Sweden Will Defend Her Position Against Germany

In military affairs as well, Sweden now dares take a fairly independent stand. Renewed demands for permission to send troops and material back and forth to Finland have been

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[6]Telegram to State Department, from Stockholm 12/23/41.

[7]Cf. Foreign Commerce Weekly, Nov. 8, 1941, p. 31; Telegram to State Department, from Stockholm, 12/16/41.

firmly refused[8], and German suggestions that Swedish manpower could more profitably be employed otherwise than under mobilization[9] have apparently not had the intended effect, as the Rigsdag on December 17, adopted a law providing for an increase in the period of conscript military training to 480 days, and raising the age limit to 47 years[10].

The Swedes now seem prepared to stand their ground. They have served notice through the Foreign Minister that if attacked Sweden will fight. One official has intimated privately that Swedish resistance would be helped if it could get air force support from Britain and the United States[11].

Behind the growing readiness of Sweden to confine German pressure within limits, lie several developments. Sweden has been busy strengthening her defenses since April 1940, and with new strength has come increased confidence. So too, the recent setback in Russia has helped to dispel the legend of German invincibility. But what has done most to stiffen the Swedish resistance, is the brutal treatment of the Norwegian people. The Swedish press has become increasingly outspoken over this phase of Nazi policy.

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[8]Telegram to State Department, from Stockholm, 12/16/41.
[9]Ibid., 12/18/41.
[10]"Radiogram till the American Swedish News Exchange", No. 188.
[11]Telegram to State Department, from Helsinki, 12/23/41.

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Swedish Attitudes Toward The Other Great Powers

Several currents of opinion influence the country's attitude to the wider conflict now raging. The old, deep-seated fear of Russia remains, a fear which goes far to explain the phenomenal support given to Finland in the war of 1939-40. In the renewed Finnish war the Swedes have again been generous, but there is an increasing sense of misgiving about Swedish-Finnish solidarity. The Finns are on the offensive this time, and their recent adherence to the Anti-Comintern Pact elicited much unfavorable Swedish press comment[12].

In order to implement their sympathy for Finland and their antipathy to Russia, some elements, chiefly from industrial, military and academic circles, turn, albeit somewhat reluctantly, to Berlin. The fascist groups of course, are positive admirers of the Nazi organization and its ways. But the membership of these latter groups is small and their energies are divided.

There is present a latent sympathy with English ways and traditions, particularly among some non-conformist groups and within the vigorous cooperative movement. But there is criticism too over British failure in 1939-40 to come promptly to the aid of Finland and over the ineffective intervention in

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[12] News from Sweden, No. 56; Siste Nytt fra Norge, No. 194, p. 2.

Norway. Naturally these judgments have been softened by London's heroic stand in the autumn of 1940. There is much good will toward the United States, partly because of its standing as a world power, partly because of the sentimental ties that go back to the prodigious emigration movement of the last century. Thoughtful Swedes, however, fear one thing very much--that Britain and the United States may open an active military front in Norway. This will at last force the Swedes into the war, and shatter their policy of neutrality.

Sweden As Custodian Of The Ideals Of The North

In clinging to her neutrality, Sweden remains a spokesman of some of the best aspirations of that ideal of Nordic unity or pan-Scandinavianism, which came to enjoy widespread support in each of the Northern countries in the generation between the two World Wars. Only Sweden is left to sustain those ideals[13], now that Norway is enslaved, Denmark is in custody, and Finland is expending her precious energies in hostilities with the traditional enemy. In the minds of an increasing number of Swedes, there is a concept of an enlarged fatherland, a fatherland of all the North, to be served. The Swedish Foreign Minister gave words to this sentiment recently when he said, "We cannot imagine a future for Scandinavia without every part of it recovering its national liberty".[14]

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[13] Cf. Gunnar Heckscher, Sveriges Uppgift (Stockholm, 1940) pp. 84-106 especially.

[14] News from Sweden, No. 33, p. 1.

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do the democratic cause a good turn in the task of weakening Hitler's dominion in Northern and North Central Europe.

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CONCLUSION

The Swedish people are therefore not apathetic to the great struggle. They are not neutral in word or thought, though their government strives to be neutral in deed. 90 to 95% of them perhaps, hope for victory by the Allied forces. Allied victory, they perceive, will create once more the outward framework within which the democratic ideals can be brought closer to realization. They know that their country as an exemplar of the democratic tradition is badly isolated, and from that realization has sprung a rejuvenated Swedish nationalism prepared to defend the country against any frontal attack. There are signs also that a bulwark of national morale has been built strong enough to stand against any insidious attack from within[15].

Certainly the Germans have not underestimated the ideological front in Sweden. Good evidence of this is the shrill outcry in the German press over the recent British move to strengthen the British information service in the Swedish capital. In turn the relative boldness with which the Swedish press parries these attacks is encouraging to the democratic cause. The establishment of an American information service in Stockholm will be welcomed in many Swedish quarters, if it takes care to understand the Swedish character and the Swedish point of view. Rightly approached, the public of neutral Sweden may

[15] Cf. Eric Cyril Bellquist, "Maintaining Morale in Sweden," The Public Opinion, Quarterly Fall Number, 1941, pp. 432-447.